

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

Finance (IF) Department-Regulation of deposits with Banks including Cooperative banks, Regional Rural Banks and Financial Institutions: Inclusion of New Banks -orders -Issued.

FINANCE (IF) DEPARTMENT

G.O.Ms.No. 263

Dated.23.07.2010

Read the following:

G.O.Ms.No.124, Fin (IF) Dept.dt.23.04.2009.

ORDER:

The Screening Committee constituted by the Government to examine the request of individual Banks, has favorably considered inclusion of the following banks in the approved list of Notified Banks for keeping Government funds, in continuation of the reference cited:

- i). Dhanalakshmi Bank Ltd
- ii).City Union Bank Ltd

2. The existing guidelines stipulate that the maximum extent upto which the Government funds can be placed shall be restricted to 20% of the net-worth of the above banks.

3. Further, the request of **IDBI Bank** to categorize them under Public Sector Banks, instead of under Private Sector Banks is also considered favorably in view of the supporting documents submitted by them.

4. It has also been decided to review the status of each of the notified bank/institution with regards to the compliance with the terms stipulated in GO.Ms.No.124 dt.23.04.2009; every alternate year, or earlier if deemed fit.

5. All the Departments of Secretariat, Heads of Departments and Heads of State Government /Quasi Government undertaking and all other Government Institutions/ Corporations are advised to deposit the Government funds only in the Notified banks /institutions, by scrupulously following the guidelines / conditions enlisted below:

GUIDELINES/CONDITIONS FOR DEPOSITING GOVERNMENT MONEY/FUNDS WITH NOTIFIED BANKS/ INSTITUTIONS:

- I. The Banking institution should have participated in the Priority Sector lending as per the norms stipulated by the Reserve Bank of India and also in the sponsored schemes of the State Government during the previous financial year. The performance of the notified banks will be judged by Finance Department through SLBC at the State Level and of individual branches, at the district level by a District Level Committee headed by the District Collector.
- II. At the District Level a committee comprising of the Collector, Project Director of District Rural Development Agency and Lead Bank Manager (LDM) will assess the performance of the participating bank branches in Government Schemes. The District Level Committee shall identify the eligible branches of the banks notified by the Finance Department, depending upon their performance in the Annual Action Plan.
- III. Normally, all Government Departments/Undertakings / Agencies and all other Government Institutions or Corporations shall keep their funds, in the Treasury or the PD Account. However, whenever Government funds are drawn from Treasury or PD account and kept with the Banking Institutions, such funds shall be kept as short term/ long term deposits and appropriate interest shall be earned on these deposits. At no point of time should more than 10% of term deposit be kept in the current account for immediate use to implement Government Programmes. This should be reviewed on a monthly basis by the Department / Institution /Corporation concerned.
- IV. Each Government Department/Undertaking/Agency/ all other Government Institutions and corporations shall obtain proposals from at least three notified Banks regarding the banking services and deposit interest rates offered by them, to decide on placement of funds. No Government Department /Undertaking/ Agency/ other Government Institutions/ Corporation shall have deposits or Bank Accounts with more than three Banks. The overriding consideration in all these decisions shall first be the safety of funds followed by the rate of interest and other banking services being offered by the Banks.
- V. The most important consideration being security of Government funds, the Government shall be reviewing the soundness of banks in consultation with the RBI and lay- down guidelines for the placement of funds from time to time, by excluding weak and vulnerable institutions/ banks.

- VI. All Banks that receive deposits from Government Department / Undertakings/Agencies/ other Government Institutions & corporations; shall submit a monthly return as per the **proforma appended, by 10th of every month** their branch-wise information regarding deposits kept by the Government Departments/ Agencies, to the Finance (IF) Department in electronic form as well as in hard copy. Persistent delay/ default in complying with this requirement may result in de-notification of the banks concurred.
- VII. Finance Department of the Government will have the right, if necessary, to sequester the deposits kept in banks by Government Department /Undertakings/Corporations and other Government Agencies. The concerned bank shall comply with the directions of the Finance Department to transfer such deposits or portion thereof to any other institution(s)/ bank(s)indicated.
- VIII. Finance Department of the Government shall also have the right to direct the Government Departments/ Undertakings/ corporations /Agencies to transfer the funds to their PD Account or to the account of any other institution(s) and the Departments/Undertakings/Agencies/ concerned Banks shall immediately comply with such directions.
4. Banks which have not been listed for the placement of Government Funds are however, not prohibited to do normal business with Government /Departments such as issuing and accepting cheques, drafts and other negotiable instruments and to do the normal banking transactions with the Government Departments.
5. These orders shall come into force with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH

VASUDHA MISHRA
SECRETARY TO GOVERNMENT

To
 All the Departments of Secretariat.
 All the Managing Directors of Corporations and State Government Undertakings.
 All the commissioners/ Heads of Departments.
 All District Collectors/ Project Directors of District Rural Development Agencies.
 All the Banks.

(Cont.4)

Copy to

Private Secretary to Spl. Chief Secretaries/ Prl. Secretaries/ Secretaries to Government.

The Registrar of A.P.High Court, Hyderabad.

The Regional Director, Reserve Bank of India, Hyderabad.

The General Manager & Convener, State Level Banker's Committee, Andhra Bank, Hyderabad.

All Sections in Finance Department.

All Sections in planning Department.

SF/SC

APPENDIX

STATEMENT SHOWING THE DEPOSITS MADE BY THE GOVT.DEPARTMENTS/ PUBLIC SECTOR UNDERTAKINGS WITH BANKS - POSITION AS ON ----- (last working day of the Month).

Name of the Bank:

Branch:

SI.N o	Institution /Dept. which Deposited the amount	Amount of Deposit (Rs.in Lakhs)		
		Saving/current Deposit	STD/R/Term Deposit	Total
1	2	3	4	5

//FORWARDED::BY ORDER//

SECTION OFFICER

**GOVERNMENT OF ANDHRA PRADESH
FINANCE (IF) DEPARTMENT**

Lr.No.57Fin.IF/2010

Dated: 23.07.2010.

From
Secretary to Government,
Finance (IF) Department,
'D' Block 2nd Floor,
A.P. Secretariat,
Hyderabad-500 022.

To
The Dy. General Manager,
Housing Development Finance Corporation Ltd,
HDFC House ;H.No.3-6-310,
Hyderaguda ; Basheer Bagh,
Hyderabad -500 029.

Sir,

Sub: Inclusion of your institution in the list of Notified Institutions by the Government.
Ref: Your letter No. Nil dt.20th October 2009.

With reference to your captioned letter, it may be informed that the screening committee which has examined your request for inclusion in the list of Notified Institutions by the Govt. of AP; was not able to consider it favorably since your institution does not fully comply with the criteria stipulated in the GO.Ms.No.124 dt.23.04.2009 issued by the Finance (IF) Department.

Yours faithfully,

Sd/-
Secretary to Government

//FORWARDED BY:: ORDER//

SECTION OFFICER